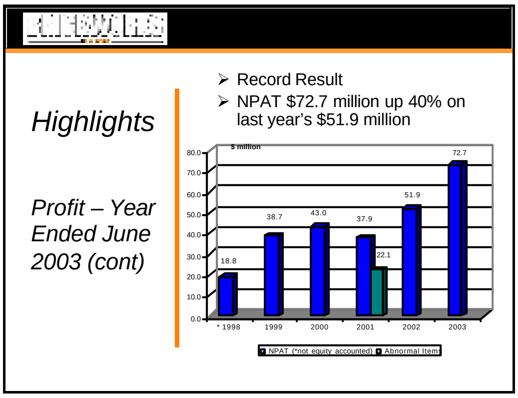
BRICKWORKS LIMITED

CHAIRMAN'S ADDRESS
AGM 2003

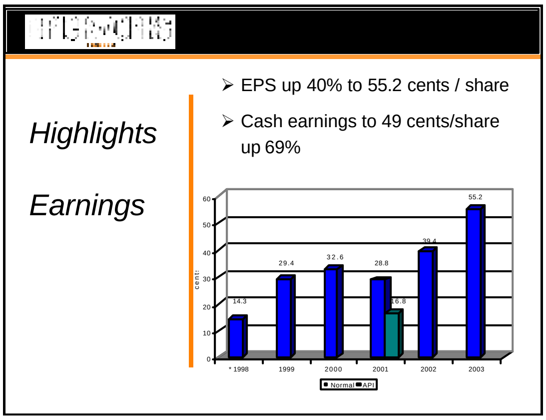
Ladies and Gentlemen, it gives me great pleasure in presenting the results for Brickworks Limited for the year ended 30 June, 2003.

Highlights

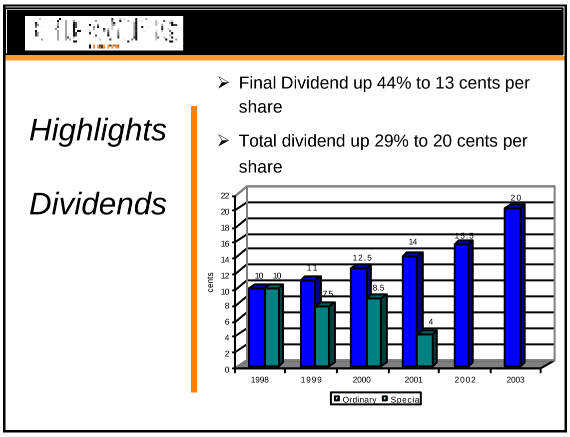


Net profit after tax for the full year to 30 June 2003 was lifted to $72.7 million, up 40% compared with profit in 2002 of $51.9 million.

This result was achieved with significantly increased contributions from all segments of the business with a $6.0 million reduction in tax expense due to the Group's entry into tax consolidation, and after incurring borrowing costs of $5.0 million, up 36% on last year.



Earnings per share for the year have increased to 55.2 cents and cash earnings to 49 cents per share, up 69%.



This has enabled directors to recommend that the final ordinary dividend be increased 44% to 13 cents per share fully franked and payable on 3 November 2003.

This brings the total dividend payments to 20 cents per share for the year, up 29% from the previous year.

Ordinary dividends have increased by a total of 100% over the last six years and a total of seven special dividends have been paid during that period, totalling 30 cents per share.

Segmental Earnings

The diverse nature of the Brickworks' business has proven successful, as all areas of the business helped contribute to the overall result.

Associated companies contributed $35.3 million pre tax while clay products contributed $31.6 million. Other investments contributed $9.8 million, the property realisation and development program provided a profit of $5.5 million from property sales during the year, and the waste management activities contributed profit of $1.2 million.

Investments

Investment income (dividends and realised gains) of $35.1 million was up 45%.

The total investment portfolio once again outperformed the S&P/ASX 300 Accumulation Index during the year. The Brickworks portfolio returned 3.8%, including unrealised gains, compared with a negative 1.6% from the index over the same period.

At June 30 the value of the total investment portfolio was steady at $871.8 million, compared with $880.3 million at June 2002. There was no net new investment this year in anticipation of the Bristile acquisition.

Washington H. Soul Pattinson

Brickworks 42.85% holding in Washington H. Soul Pattinson performed well, declaring a profit after tax and non-regular items of $88.3 million for the year ended 31 July 2003, or 37 cents per share, up 21% on the previous year.

The market value of Brickworks investment in WHSP as at 30 June was $598 million, down from $634 million as at 30 June 2002. Dividends totalling $20.5 million were received as cash, and the equity accounting share of profit was $28 million.

The Brickworks Group will include an equity accounted profit from WHSP of $13.1 million in the December half year result.

WHSP continues its strong performance in most areas.

- **Coal (New Hope Group)**
  The WHSP Group's New Hope coal operations have been a strong contributor to the increase in profit. For the year to 31 July 2003, the Group's share of profit after tax and outside equity interest of its 69.3% controlled entity New Hope Corporation Limited, amounted to $25.4 million, an increase of 15.6% over the previous year.

  On 14 August 2003, WHSP paid a special dividend by way of shares in New Hope Corporation on the basis of 1 New Hope share for every 8 WHSP shares. The offer price was 40 cents per share, valuing the dividend at $5.1 million, which was also fully franked. A further issue of options was made at 1 option for every 10 New Hope shares exercisable at 45 cents to expire in five years. New Hope Corporation is now also listed on the ASX. The closing prices, on 28 October 2003, of the shares and the options were 62 cents and 28 cents respectively, adding a further $3.2 million in value to Brickworks.

- **API**
  API was an exception where, despite revenue growth of 29.6% to $2.5 billion, API's profit after tax for the year ended 30 April 2003 declined 32% to $23.6 million after significant non-recurring items of $12.3 million.

  Total dividends for the year were 13 cents per share, which is equal to the previous year. WHSP has a 23% interest in API.

- **Media (NBN Group)**
  NBN Television experienced a difficult trading period during the year as the advertising market showed no consistent signs of recovery and the impact of digital expenditure increased the Company's cost base

  NBN's profit after tax for the half year was $5.8 million, which was 22.7% less than last year.

- **SP Telecommunications Limited (SOT)**
  SPT's profit after tax for the year attributable to shareholders was $5.8 million compared to $2.2 million for the previous year, an increase of 161%.

  Despite only 3 years of operations, the strong growth in both profitability and cash flow has enabled SPT to declare a maiden final dividend of 0.5 cents per share in respect of the year ended 31 July 2003.

- **Clover Corporation Limited (Clover)**
  Clover Corporation Limited posted its maiden profit for the year ended 30 June 2003, a significant improvement on last year's loss of $5.6 million. The improvement reflects the benefits of a structural reorganisation undertaken during the second half of 2002.

- **Keith Harris & Co Ltd**
  For the year ended 31 July 2003, Keith Harris reported a profit after tax of $2.7 million, down 15% on the prior year.

  Despite the decline in earnings for the year, Keith Harris maintained its full year dividend of 19.5 cents per share.

- **WHSP Investment Portfolio**
  The Company's investment portfolio including unrealised gains returned 24.1% for the year, compared to the Benchmark S&P/ASX 300 Accumulation Index of 5.9% for the same period.

  During the year ended 31 July 2003, dividend income from investments excluding Associates and Controlled entities increased 51% to $13.0 million, and the market value of the investments increased 21% to $1.15 billion.

The annual return from the investment in WHSP over 15 years is 15.9% compared to the performance of the all ordinaries accumulation index of 8.9% over the same period.

Bristile (BRS)

On 4 March 2003 Brickworks subsidiary, the Austral Brick Company Pty Ltd, launched a full takeover offer for Bristile Ltd. The rationale behind the offer was to rationalise the Australian Brick Industry and form Australia's largest and most profitable clay brick producer. If Austral had not been successful in the takeover, it would have been relegated to a small regional player forever. In the process, the country's equal second largest roof tile manufacturer was acquired.

The final offer price was $3.65 per share and Bristile was permitted to pay the final fully franked dividend of 22.5 cents per share. Austral's average purchase cost was $3.45 per share including acquisition costs at which price the acquisition is earnings per share positive. At 30 June 2003 Brickworks held 22.85% of Bristile's shares, and with the completion of the compulsory acquisition process on 9 October Bristile is now a 100% owned subsidiary.

The full year profit after tax for Bristile to 30 June 2003 was $43.8 million before abnormal takeover costs, up 11% on the previous year, and sales revenue of $310.8 million was up 12% on the previous year. Earnings per share for the year of 29 cents was an increase of 10% on the previous year pre takeover adjustments. Abnormal charges totalling $8.3 million (pre-tax) were made reflecting takeover and redundancy costs. At 30 June 2003, Bristile had debt totalling $68 million.

Sales and profits rose strongly on the back of the strong market conditions and the Pioneer Roof Tile acquisition.

Mr David Gilham, previously Managing Director of Bristile Ltd, was asked to join the board of Brickworks on 1 August 2003, and stands for election under the Constitution of the Company today.

Across the new group it is business as usual, as the best of both company's successful management disciplines are expanded across the combined entities.

Following the appointment of Lindsay Partridge as Managing Director, we are impressed with the quality of staff, condition of the plants and extent of claylands, which are all above our expectations. The merger is running 'hitch-free'.

The acquisition of Bristile was funded short term via borrowings from NAB, however the Brickworks board recognised that a lower debt structure would provide greater long-term security. To this end Brickworks raised $165 million through the issue of a Reset Preference Share called 'Pavers', with a dividend rate (fully franked) at 6.565%. The 'Pavers' commenced trading on the ASX on 22 October 2003, at a premium of $2.80 over the issue price of $100.

Brickworks has taken a further step to reduce the overall level of debt with the announcement of the proposed spin-off of the Brickworks investment portfolio through a new listed entity, the Brickworks Investment Company.

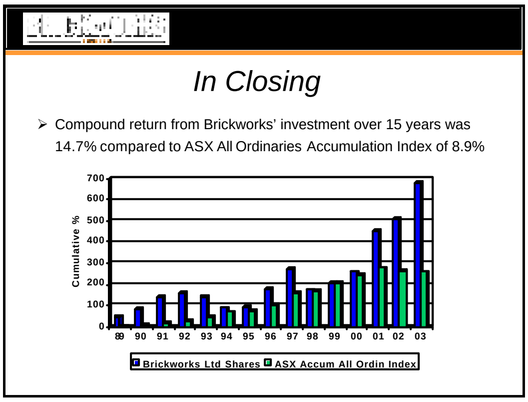
The offer is expected to open on Monday 3 November with mailing of prospectuses to shareholders commencing on that day. Shares in the Brickworks Investment Company commence trading on the ASX on Friday 12 December.

A further announcement will be made early next week. Brickworks shareholders will have a priority opportunity to participate in this new listing and details will be sent to shareholders shortly.

Offers of BKI shares will only be made pursuant to the BKI prospectus. Anyone wishing to acquire BKI shares will need to complete the application form accompanying the prospectus. The prospectus and application form will also be available on the Brickworks Limited website after 3 November.

The combined effect of the 'Pavers' issue and the Brickworks Investment Company spin-off will reduce the debt owed by Brickworks to approximately $300 million at 31 December 2003.

The value of the balance of listed securities (excluding Washington H. Soul Pattinson and Bristile) was $152.4 million at 30 June 2003, down slightly on the prior year value of $159.3 million. During the year $6.5 million was received in dividends and $1.9 million was realised as profit on sales of $5.5 million. Additional investments totalled $4.6 million. The total return for the year was 2.1%, again comparing favourably to the negative 1.6% performance of the S&P/ASX 300 Accumulation Index.



The compound return from an investment in Brickworks over 15 years was 14.7%, a significant out performance to the ASX All Ordinaries Accumulation index of 8.9% over the same period.

Employees

I would like to take this opportunity to welcome the Bristile employees who number over 900 to the Brickworks Group, which now total in excess of 1,500 employees.

The excellent results produced this year are a credit to all staff and on behalf of the Board I thank the staff for their efforts and perseverance.

I would like to invite our Managing Director, Mr Lindsay Partridge, to tell you some more about the operating divisions (trading).

BRICKWORKS
LIMITED

MANAGING DIRECTORS REPORT
AGM 2003

Thank You Chairman, Ladies and Gentlemen,

The Chairman has reported to you our overall results, associates and investments. I will cover the clay products operations, waste, property and progress we continue to make increasing the returns on shareholder funds.

Report on Financial Year 2002/03

Clay Products

Before I report the results I will give you an overview of the new Group.

The now combined Austral / Bristile Group is the largest clay products company in Australia. Brickworks is the largest brick and paver producer with capacity close to one billion bricks per annum, the largest floor tile producer and the equal second largest roof tile producer.

In Western Australia we manufacture on six sites with five brickworks and one terracotta roof tile plant. We currently operate under the name of Metro Brick and Bristile Clay Roof Tiles. We have a transport company called Temples Freight.

In South Australia we have one brickworks, which trades under the name of Hallett Brick.

In Victoria we have six plants, three large brickworks, a terracotta roof tile plant, a concrete roof tile plant and a masonry plant. We currently trade under the name of Nubrik. In Tasmania we have one plant at Longford, near Launceston trading under the name of Nubrik.

In New South Wales we have four operating brickworks following the closure of Eastwood today. We trade under the locally known name of Austral Bricks.

In Queensland we have two brickworks also trading under the name of Austral and a concrete roof tile plant trading under the Pioneer brand.

Eureka Tiles has two tile plants, one in Punchbowl and one at Ballarat where there is also a bathroom fittings plant.

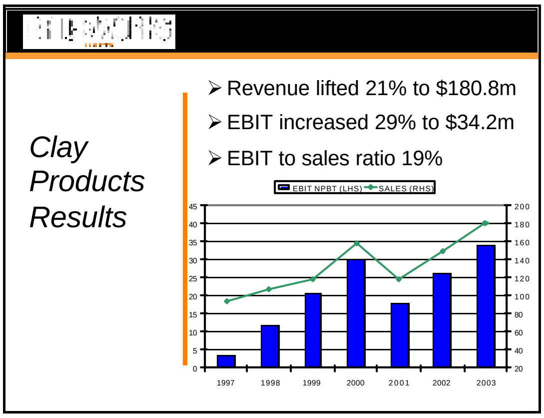
The new group will trade nationally under the following brands. Austral Bricks for bricks and pavers, Bristile for clay roof tiles, Pioneer Roof Tiles for concrete roof tiles and Eureka Tiles for floor tiles. We intend to promote our brands and products strongly.

Our plants are some of the most modern in Australia and fully automated where possible. We do have a couple of traditional plants for specialist products. All except two of the plants run on natural gas with one running on sawdust and one on waste oil.

Our lifeblood is our clay reserves, which are substantial. We continually carry out exploratory work to increase our reserves where they are becoming depleted.

The Group is represented in every major market in Australia and has a dominant position in most. The new group is the undisputed leader for service, product development and profitability.

Over the next year we will consolidate the new combined business into one homogenous, national business. We have over 1,500 staff who will have unity of purpose using the best management techniques and skills of both Bristile and Austral.



Results

In the year just finished the clay products divisions lifted revenue 21% to $180.8 million and EBIT by 29% to $34.2 million before abnormal items. The EBIT to sales ratio completed the year at a respectable 19%, up from 18% in 2002.

A combination of historically low interest rates, high consumer confidence and high immigration levels resulted in sustained construction activity for the local housing industry. These factors, combined with strong export markets for Austral's products, resulted in demand being beyond our ability to supply.

The supply situation has been exacerbated by the closeness of this cycle to the GST induced rush and reduced industry capacity brought about by industry rationalisation.

The second half was very strong, with factories maintained at full capacity throughout the typical shutdown period over Christmas and New Year. This resulted in record brick production for the group. Ongoing efficiency improvements to the manufacturing processes also contributed by keeping production costs stable.

Selling prices and margins increased steadily over the year, however prices remained under pressure from competitors. The major constraint on the market for building products is the ongoing land shortage in the major cities and particularly

Sydney where it is critical. The shortage of land is increasing the expected number of home demolitions this year to 9,500 in Sydney and 6,200 in Melbourne. These demolitions are themselves an important factor in underpinning future demand.

During the year, the decision was made to close the Midson Road, Eastwood factory. The factory as I mentioned before will cease manufacturing today, after manufacturing bricks since 1912. It has been consistently profitable since the end of World War II. To this end, a provision of $2.5 million was raised at 30 June 2003 to cover the costs of closing this site.

I would like to take this opportunity to thank the many employees that have worked at Eastwood. Their efforts made Eastwood the most outstanding example of dry press brick production in Australia, and it is a credit to the skill of our early employees that the Hoffman kiln they built in 1912 ran for 91 years.

An additional charge of $250,000 was also recognised against profit for the demolition of the old pipe making kilns at the Punchbowl factory. These one-off, abnormal charges reduced the Clay Products EBIT from $34.2 to $31.4 million.

Stock levels increased slightly from $26.1 million to $28.2 million with increased stock of floor tiles.

Capital Expenditure

Capital expenditure during the year totalled $11.5 million, which in the main was stay in business capital, as well as a new screening plant at Riverview, and new packaging lines at both the Rochedale and Ballarat factories. This compares to depreciation of $11.4 million, up from $9.9 million in 2002 due in part to the impact of the first full year of depreciation for the new Punchbowl tile factory.

As with previous years, future capital expenditure will focus on high yielding efficiency improvements, safety and environmental projects. It is our objective to achieve high return on funds invested and pay down debt. It is unlikely we will build any large Greenfield plants in the immediate future, however we anticipate production capacity will be steadily increased to meet unserviced demand.

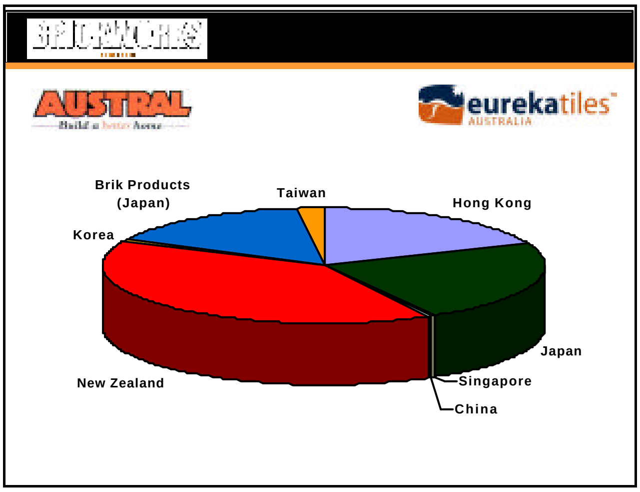
New Products and Services

With demand absorbing our full capacity we have not released as many new products as we would have liked. However one new product I mentioned to you last year, Terraçade, we believe has enormous potential.

The first job has now successfully been completed at the Adelaide Oval development and the product looks spectacular. It is early days, however we continue to receive an exceptional level of interest and a large number of architectural specifications.

Export

Export continued strongly increasing by 78% compared to the previous year. The new paver range (Silk Road) specifically manufactured for Hong Kong has sold well. In New Zealand the new distribution arrangements with Carter Holt, combined with a strong market, has underpinned growth. In New Zealand, the demand for face bricks has increased following a significant consumer backlash from failures of polystyrene based walling products.



In Japan the DIY market has also increased substantially as have sales of brick facings.

Export commenced from a very low base 10 years ago. We now export as many bricks and pavers as we sell in Adelaide. We export from every state in Australia with Queensland, Victoria and Tasmania being the leading exporters.

From our Longford plant in Tasmania, approximately half of the output is exported to Japan making a significant contribution to the plants viability and the local community where we are the major employer. Following the merger of Bristile, substantially increased resources will be available to develop new and existing markets.

Land and Property Realisation

Brickworks property realisation program for surplus land holdings and landfill has continued unabated during the 2002/2003 period. Profit before tax from this segment totalled $6.7 million. This was realised from the sale of the landfill area at Horsley Park landfill operations and the Brookvale site.

Progress continued on the development application to subdivide Mamre Road, Erskine Park, a 64-hectare site, into industrial lots. However issues arose in February 2003 when Council withdrew agreements made regarding the resolution of the biodiversity requirements on the site. Austral has now joined with several of the adjoining landowners to address the flora and fauna issues in the area as a whole, rather than on a site-by-site basis. This approach is starting to gain acceptance with Council.

The development of the Eastwood site, by Clarendon Apartments and Baulderstone Hornibrook, has progressed well over the 2002/2003 financial year. A major milestone for the project was achieved in April 2003 with the approval of the Masterplan by Parramatta Council. This has locked in the redevelopment of the property for residential with a density of not less than 260 dwellings and not more than 280 dwellings.

A development application (DA) for the remainder of the filling work was lodged with council immediately following adoption of the Masterplan. The exhibition period is complete and the DA is being assessed by Council.

Austral's Eastern creek SEPP 59 property, known as the Vineyard, was released for industrial development by the Planning Minister in March 2003. This was a significant achievement in the development of the property, which occurred within the proposed timetable. Work is well underway on preparing a Precinct Plan for the site and establishing agreements for the servicing of the land

An initiative to gain a higher use for the property known as Oakdale, consisting of 333 hectares of land to the west of Plant #3 at Horsley Park, was commenced in March 2003. This involved making a submission to Planning NSW in response to an expression of interest for land for inclusion on an urban release program for the South-West Bringelly area. Planning NSW has advised that it is being considered for inclusion in a study on lands adjoining the new Sydney Orbital motorway. This initiative will continue in the next financial year.

On 2nd July, the minister approved approximately 60 hectares of the Oakdale property adjacent to Plant #3 for extractive industry. This has the effect of increasing clay reserves by an additional 20 years at Horsley Park.

Waste Management

The Waste Management operation has developed significantly over the 2002/2003 period. The sale of land to Collex for the Horsley Park Solid Class 2 waste facility was completed in July 2002. During the 12-month period, Collex has deposited close to 300,000 tonnes of waste in the facility.

Due to the success of the Horsley Park Plant #1 facility, work has commenced on gaining approval for a Solid Class 2 landfill at the Plant #3 pit. This process, if successful, is expected to take approximately 2-3 years.

Future

At the time of writing, all Australian markets have continued to perform well and approvals have remained robust. The strong builder order bank, combined with a full construction pipeline, should see a respectable profit in the first six months of the financial year. New South Wales, Queensland, Western Australia and Tasmania are all very strong whereas Victoria is showing some tentative signs of softening. Victoria is the only state in Australia where we have adequate stock levels. In New South Wales, Tasmania and South Australia we are generally meeting demand whereas in Queensland and Western Australia we have delays. In Western Australia we are now quoting February delivery.

Austral's full order book and extremely tight stock levels will allow all factories to operate at maximum capacity for the foreseeable future. Only minimal unavoidable closures will take place at Christmas.

With our selling prices increasing steadily, efficiency improvements being implemented and better factory utilisation due to the merger with Bristile creating one east coast market, gross margins should remain healthy.

Performance First Quarter including 2 months Bristile

	Sept Quarter 03 $ million	Sept Quarter 02 $ million	Var %
Sales	108.3	45.4	+ 139
Clay Products EBIT	23.4	7.8	+ 200
NPAT	13.4	6.4	+ 109

(Unaudited and not Equity Accounted)

In the first quarter clay products increased sales by 139% to $108 million. An all time record first quarter EBIT contribution of $23.4 million was achieved with only 2 months trading of Bristile.

Core earnings division on division are up in the quarter and are a combination of continued improvements in pricing and manufacturing efficiency.

In the first quarter the unaudited NPAT approximately doubled to $13.4 million from $6.4 million last year. This result includes $5.1 million from property development compared to $2.1 million last year. However, it does not include either the special dividend received from WHSP of $5.1 million in the form of New Hope Corporation shares, or any equity accounting for WHSP.

Thank you